

Message Text

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FOR EB/TT/AV - STYLES

E.O. 11652: GDS

TAGS: EAIR, PE

SUBJECT: CIVAIR - DISPUTE WITH PERU - SIXTH BRANIFF/AEROPERU
MEETING

REF: LIMA 3079

1. DE MURIAS AND OTHER BRANIFF REPRESENTATIVES CALLED ON AMBASSADOR AT NOON APRIL 15. THEY SAID THEY HAD BEEN INFORMED THAT CABINET MEETING APRIL 11. DID DISCUSS CIVAIR PROBLEM, EXAMINING TWO DISTINCT POSITIONS, (1) HARD LINE OF SOTO/AEROPERU AND (2) THAT OF SPECIAL COMMISSION NAMED SOME WEEKS AGO BY VELASCO TO STUDY PROBLEM AND HEADED BY HIS COUSIN, COL. HUAMAN VELASCO. HUAMAN VELASCO COMMISSION REPORTEDLY WAS SOMEWHAT MORE FAVORABLE TO BRANIFF IN THAT IT PROPOSED THREE YEAR AGREEMENT AND CONTINUATION OF RIGHTS TO BRAZIL IN RETURN FOR BRANIFF AGREEMENT TO HELP WITH EQUIPMENT AND SUPPORT FOR AEROPERU'S REQUEST FOR NEW YORK. CABINET APPARENTLY REACHED NO FIRM DECISION, ALTHOUGH THERE APPEARED TO BE "SEMI-SUPPORT" FOR SOTO/AEROPERU POSITION.

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2. BRANIFF SAID THEY WERE ALSO INFORMED THAT REPRE-

SENTATIVES OF VIASA OR ECUATORIANA (HERE FOR MEETING OF ANDEAN AIRLINES) HAD CALLED ON DGTA BERCKEMEYER AND INFORMED HIM THAT SOTO WAS NOT ENTIRELY ACCURATE WHEN HE SPOKE OF ANDEAN AIRLINE SUPPORT FOR AEROPERU IN ITS DISPUTE WITH BRANIFF (LIMA 3127). THIS PROMPTED GOP TO SUMMON SOTO TO MINISTRY OF WAR TO MEET WITH SIX MINISTERS AND TO EXPLAIN WHAT ACTUALLY HAD HAPPENED IN CARACAS AND IN RECENT MEETINGS WITH BRANIFF. BRANIFF REPRESENTATIVES SAID THEY HAD AS YET NO REPORT OF WHAT HAD TRANSPIRED AT THIS MEETING. BRANIFF INFORMANT HAD ALSO STATED THAT THE GOP IS PASSING THROUGH "DIFFICULT PERIOD" AT MOMENT WITH MANY MEETINGS AMONG SENIOR MILITARY OFFICERS. INFORMANT SUGGESTED BRANIFF WRITE PRIME MINISTER MORALES BERMUDEZ SETTING FORTH POSITION. INFORMANT SAID HE THOUGHT PRIME MINISTER MIGHT BE RECEPTIVE, PARTICULARLY SINCE PRESIDENT HAD TOLD HIM HE WANTED PROBLEM SOLVED.

3. DE MURIAS COMMENTED THAT BRANIFF IS IN AWKWARD POSITION. FOREGOING SUGGESTS THAT BRANIFF SHOULD PLAY FOR TIME, BUT IT CANNOT AFFORD TO. NEW SCHEDULES GO INTO EFFECT JUNE 1, AND BRANIFF MUST HAVE DECISION BY END OF WEEK IN ORDER TO HAVE TIME TO PUBLISH SCHEDULES, ENTER THEM IN COMPUTERS, ETC.

4. DE MURIAS THEN SAID HE IS AUTHORIZED BY DALLAS TO MAKE A FURTHER CONCESSION, WHICH HE OUTLINES AS FOLLOWS:

A. BRANIFF ACCEPTS 15 FLIGHTS BETWEEN PERU AND U.S.

B. BRANIFF WILL REQUIRE 11 FLIGHTS TO SOUTH: 2 LIMA/BA; 3 LIMA/SANTIAGO/BA; 2 LIMA/LA PAZ/ASUNCION; AND 4 LIMA/SAO PAULO/RIO, ALL FLIGHTS TO BE IN BOTH DIRECTIONS.

C. NO PASSENGER RESTRICTIONS ON ANY FLIGHTS.

D. REVIEW OF CAPACITY ADEQUACY EVERY SIX MONTHS.

E. THREE YEAR AGREEMENT (TO INCLUDE BRAZIL SERVICE).

F. THIS PROPOSAL NOT SUBJECT TO NEGOTIATION.
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5. IT WAS THEN DECIDED THAT BRANIFF WOULD MEET WITH AEROPERU THAT AFTERNOON AND WOULD HAND SOTO LETTER REJECTING AEROPERU'S PROPOSAL PRESENTED IN WRITING THE DAY BEFORE (REFTEL). LETTER WOULD CITE THREE GROUNDS: (1) ONE YEAR AGREEMENT INSUFFICIENT; (2) 24 FLIGHTS PER WEEK INADEQUATE; AND (3) REQUIREMENT THAT BRANIFF CEASE SERVICE TO BRAZIL AFTER ONE YEAR IS UNACCEPTABLE. MEETING WOULD PROBABLY

THEN ADJOURN, AFTER WHICH AMBASSADOR WOULD INFORM FOREIGN MINISTRY OF BREAKDOWN AND SEEK ANY SUGGESTIONS FOR RESOLVING IMPASSE. AMBASSADOR WOULD THEN REQUEST MEETING WITH MINISTER, PRESENT BRANIFF'S FINAL PROPOSAL, AND SUGGEST THAT IF IT ACCEPTABLE, AS PACKAGE, EMBASSY AND BRANIFF WOULD ENDEAVOR TO OBTAIN RATIFICATION BY DEPARTMENT AND CAB.

6. MEETING WITH AEROPERU TOOK PLACE AS SCHEDULED. DE MURIAS ASKED ONCE MORE IF AEROPERU COULD IMPROVE ON 24 FLIGHT OFFER. SOTO REPLIED WITH FLAT NO. DE MURIAS SAID THIS PUT BRANIFF IN DIFFICULT POSITION AND HE MUST GIVE SOTO LETTER REJECTING AEROPERU'S PROPOSAL. AEROPERU SIDE STUDIED LETTER AND SEEMED SHAKEN BY IT; THEY ASKED FOR BREAK TO DISCUSS IT.

7. FOLLOWING TWENTY MINUTE BREAK, SOTO SAID HE NOTED REJECTION BASED ON THREE POINTS BUT WONDERED WHETHER BASIC REASON WAS NOT NUMBER OF FLIGHTS. DE MURIAS SAID THIS IMPORTANT, BUT THERE WERE OTHER ELEMENTS. HE UNDERSTOOD THERE WAS SOME FLEXIBILITY AS TO ROUTE STRUCTURE; AEROPERU AGREED. HE THEN SAID THAT TERM IS ALSO UNACCEPTABLE TO WHICH GULMAN QUICKLY RETORTED THAT THIS ALSO NEGOTIABLE. DE MURIAS REPLIED HE UNDERSTOOD THIS, BUT ALSO UNDERSTOOD IT IS ONLY ON CONDITION THAT BRANIFF CEASE FLIGHTS TO BRAZIL AFTER ONE YEAR, WHICH COMPLETELY UNACCEPTABLE.

8. THERE THEN ENSUED LONG EXCHANGE ON NUMBER OF FREQUENCIES DURING WHICH AEROPERU SOUGHT TO PIN BRANIFF DOWN ON NUMBER IT THOUGHT WOULD MEET ITS NEEDS; WAS IT 29 AS IN APRIL 7 PROPOSAL OR SOMEWHERE BETWEEN 29 AND 24? BRANIFF REFUSED TO BE DRAWN OUT, POINTING OUT THAT IT IS NOT ONLY NUMBER BUT OTHER CONDITIONS AND THAT IF AEROPERU IS LOCKED IN POSITION
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ON 24 FLIGHTS, THERE LITTLE PURPOSE IN THEORETICAL DISCUSSION OF NUMBERS. AEROPERU RESPONDED THAT THEY WOULD HAVE TO REPORT TO GOP AND WOULD INEVITABLY BE ASKED WHAT NUMBER BRANIFF WOULD ACCEPT; THEY WOULD LIKE TO BE IN POSITION TO RESPOND.

9. AFTER MORE THAN AN HOUR, MEETING ADJOURNED WITHOUT FURTHER PROGRESS, THE TWO SIDES TO REPORT TO THEIR GOVERNMENTS.

10. IN MEETING WITH AMBASSADOR WHICH FOLLOWED, AMBASSADOR NOTED THAT HE HAD BEEN ASKED TO CALL ON MARCHAND AT FOREIGN MINISTRY LATE THAT AFTERNOON TO DISCUSS CIVAIR PROBLEM. HE WOULD REPORT LACK OF PROGRESS AND GIVE MARCHAND COPY OF BRANIFF LETTER WITH REQUEST THAT IT BE CONVEYED

TO FOREIGN MINISTER. AMBASSADOR ALSO SENT COPIES OF LETTER TO PRIME MINISTER AND AIR MINISTER GILARDI. DE MURIAS SAID HE THOUGHT THIS HELPFUL, BUT BELIEVED THAT BRANIFF'S PROPOSAL (PARAGRAPH 4 ABOVE) SHOULD ALSO BE PRESENTED WITHOUT FURTHER DELAY. AMBASSADOR SAID HE APPRECIATED BRANIFF'S NEED FOR QUICK RESOLUTION, AND ADDED THAT HE WOULD REQUEST ON URGENT BASIS MEETING WITH FOREIGN MINISTER DURING OR IMMEDIATELY FOLLOWING MEETING WITH MARCHAND IN ORDER PRESENT BRANIFF PROPOSAL DIRECTLY TO HIM. THIS SHORT TIME-LAG WOULD ALSO AFFORD TIME FOR GOP TO BE AWARE OF IMPACT OF IMPASSE.

11. IN SUBSEQUENT MEETING WITH MARCHAND, AMBASSADOR DISCUSSED IMPASSE AND BRANIFF LETTER. AT END BOTH AGREED ON DESIRABILITY OF KEEPING DISCUSSIONS GOING. AMBASSADOR THEN SAID HE THOUGHT HE MIGHT BE IN POSITION TO ADVANCE NEW PROPOSAL WHICH COULD RESOLVE IMPASSE AND WHICH HE THOUGHT DEPARTMENT AND CAB MIGHT ACCEPT. HE BELIEVED THAT TIME HAD COME FOR HIM TO MEET PROMPTLY WITH FOREIGN MINISTER. MARCHAND REACTED FAVORABLY AND UNDERTOOK TO ARRANGE APPOINTMENT ON FOLLOWING DAY (APRIL 16).

12. COMMENT: THERE LITTLE DOUBT THAT AEROPERU WAS SHAKEN BY BRANIFF'S REJECTION OF ITS PROPOSAL, BUT WE CANNOT PREDICT WHETHER THEY OR GOP WILL BE SUFFICIENTLY IMPRESSED TO ACCEPT BRANIFF'S NEW PACKAGE. IN MEANTIME, WE WOULD
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APPRECIATE ANY COMMENTS DEPARTMENT MAY HAVE AS TO WHETHER BRANIFF'S PACKAGE IS LIKELY TO BE ACCEPTABLE TO DEPARTMENT AND CAB. FLAVOR AND DETAILS OF MEETING WITH MARCHAND FOLLOW IN SEPTEL.
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